Supreme Court, U.S.
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In the

Supreme Court of the United States

GILBERTO SANTA ROSA, et al.,
Petitioners,

v.

COMBO RECORDS, et al.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the First Circuit

PETITION FOR WRIT OF CERTIORARI

YLDEFONSO LOPEZ-MORALES
Counsel of Record
O'NEILL & BORGES
American International Plaza
250 Munoz Rivera Ave., Suite 800
San Juan, Puerto Rico 00918-1813
(787) 764-8181
(787) 753-8944 FAX

Counsel for Petitioner

March 14, 2007

Becker Gallagher · Cincinnati, OH · Washington, D.C. · 800.890.5001

QUESTION PRESENTED

Is a state law claim requesting the rescission of contract involving a copyright preempted under 17 U.S.C. Sec. 301. of the 1976 Copyright act.

RULE 14.1(b) STATEMENT

A list of all parties to the proceeding in the court whose judgment is the subject of this petition is as follows:

Defendant-Appellant and Petitioner: Gilberto Santa Rosa, Nélida Acevedo Rivera and the Conjugal Partnership Constituted by Both.

Plaintiffs-Appellees and Respondents: Combo Records, Combo Records Inc., Corporation XYZ d/b/a as Combo Records, Ralph Cartagena, John Doe and Richard Roe, Insurance Company "A, B, C".

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PETITION FOR A WRIT OF CERTIORARI

Gilberto Santa Rosa et als, respectfully petitions for a writ of certiorari to review the opinion and judgment of the U.S. Court of Appeals for the First Circuit.

OPINIONS BELOW

The opinion of the U.S. Court of Appeals for the First Circuit, dated December 15, 2006, is officially reported at *Santa Rosa v. Combo Records*, 471 F.3d 224.

The Memorandum Opinion and Order of the U.S. District Court for the District of Puerto Rico, dated June 28, 2005 is unofficially reported at 2006, *Santa Rosa v. Combo Records,* 376 F. Supp. 2d 148.

JURISDICTION

The judgment of the U.S. Court of Appeals for the First Circuit sought to be reviewed was entered on December 15, 2006. This petition is timely under 28 U.S.C. § 2101(c) and Supreme Court Rule 13.1 because it is being filed within 90 days of the entry of the opinion and judgment. This court has jurisdiction to review the judgment of the U.S. Court of Appeals for the First Circuit pursuant to 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The relevant statutory provision involved is 17 U.S.C. § 301(a) and (b), of the 1976 Copyright act.

STATEMENT OF THE CASE

On May 7, 2004, Plaintiff-Appellant Gilberto Santa Rosa ("Santa Rosa" and/or "the injured party") filed a Complaint in the United States District Court for the District of Puerto Rico (Dkt. No. 1) against Combo Records ("Combo" or "the record company"). The complaint alleged breach of contract and of Combo's obligations for the use of Santa Rosa's records under 17 U.S.C. Sections 101-110 and unjust enrichment. Santa Rosa sought rescission of the contract with defendant Combo Records as well as damages.

On September 9, 2004, Combo filed a Motion to Dismiss (Dkt. No. 5) on the grounds that the complaint was time-barred; and that the cause of action for unjust enrichment failed to state a claim upon which a relief may be granted. On October 5, 2004, Santa Rosa filed an Opposition to the Motion to Dismiss (Dkt. No. 10) stating that the action had accrued less than three years from the complaint's inception and as such was not time-barred; and that the unjust enrichment action was not precluded because a contract had not been yet produced.

On October 13, 2004, Santa Rosa timely filed an Amended Complaint (Dkt. No. 13) requesting, in addition to the original claims of breach of contract and unjust enrichment, a Declaratory Judgment involving Santa Rosa's ownership of the aforementioned records pursuant to the Copyright Act, 17 U.S.C. Secs. 101 et seq. Santa Rosa also claimed Combo had incurred in trademark infringement and unfair competition pursuant to the Lanham Act, 15 U.S.C. Secs. 1121 and 1125 et seq.

Combo Records replied with a Motion to Dismiss Amended Complaint (Dkt. No. 14) filed on October 18,

2004, where it requested that the Amended Complaint be dismissed pursuant to Fed. Civ. Proc. Rule 12 (b) (6). On October 29, 2004, Santa Rosa timely filed its Opposition to Dismiss Amended Complaint (Dkt. No. 15).

On June 29, 2005, the Honorable Court entered an Opinion and Order finding against Santa Rosa, granting Defendant's Motion to Dismiss pursuant to Fed. Civ. Proc. Rule 12 (b) (6). (Dkt. No. 17, Appendix B pages 10a-17a) and Judgment (Dkt. No. 18, Appendix C, pages 18a-19a).

A Motion for Reconsideration was timely filed by Santa Rosa on July 14, 2005 (Dkt. No. 19). Within 30 days after the Judgment, plaintiff and its counsel timely filed Notice of Appeal to this Court. (Dkt. No. 22).

After being granted an extension of time to file its answer to Santa Rosa's Motion for Reconsideration, Combo filed a Memorandum in Opposition to Motion for Reconsideration on August 15, 2005 (Dkt. No. 24). Santa Rosa requested leave to file reply, which was granted by the Honorable Court.

On August 30, 2005, Santa Rosa filed a Docketing Statement with the Honorable Court of Appeals.

Santa Rosa timely filed a Reply to Combo Records' Memorandum in Opposition to Motion for Reconsideration on September 2, 2005 (Dkt. No. 28). On May 1, 2006, the Honorable District Court denied Santa Rosa's Motion for Reconsideration. (Dkt. No. 30).

After arguments before the First Circuit Court of Appeals judgment was entered dismissing Santa Rosa's rescission of contract claim due to preemption by the Copyright Act. (Appendix A, pages 1a-9a). The First Circuit held that

because a successful claim for rescission would result in there being no "'written instrument' signed by the parties," we would be required to resort to the interpretation of 17 U.S.C. § 201(b) to determine ownership of Santa Rosa's recordings and as such the claim would be pre-empted.

REASONS FOR GRANTING THE PETITION

There is a split among the various circuits regarding the preemption of breach of contract claims under copyright law. The overwhelming majority of courts that have been faced with a claim for rescission of contract involving a copyright have considered that the cause of action is not preempted by Copyright Law. Before the First Circuit decision in this case few other court cases had opined categorically that a rescission of contract was preempted by copyright law. Quite the contrary, most of the Federal Circuits that have faced the rescission-preemption quandary have clearly elected to treat the material contractual non-compliance warranting a rescission under state law rather than preempting the claim. Here, for the first time, the First Circuit has treated the rescission of contract cause of action under state law pre-empted *"ab initio"* using copyright law when it should have applied state law until rescission was granted.

This court should grant certiorari to address the rescission preemption dichotomy and correct the unwarranted intrusion into contractual state law.

I. PLAINTIFF'S CAUSE OF ACTION FOR RESCISSION OF CONTRACT IS NOT PREEMPTED BY FEDERAL COPYRIGHT LAW

A. Copyright Preemption

In the copyright context, Congress has acted affirmatively to pre-empt State laws within the general scope of federal copyright protection through Section 301 of the 1976 Copyright act. *Sears, Roebuck & Co. v. Stiffel* Co., 376 U.S. 225(1964); *Compco Corp. v. Day-Brite Lighting Inc.*, 376 U.S. 234 (1964). Congress has provided by statute the test for preemption of a state law by federal Copyright Law ("the Act"). First, the work of authorship in question must fall within the subject matter of the Act. *See Harper & Row, Publs., Inc. v. Nation*, 723 F.2d 195, 200 (2d Cir. 1983), *rev'd on other grounds*, 471 U.S. 539, 85 L. Ed. 2d 588, 105 S. Ct. 2218 (1985). That subject matter is defined in sections 102 and 103 of the Act, and includes sound recordings. *See* 17 U.S.C. § 102(a)(7). Second, the state law in question must create "legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright." *Id.*§ 301(a).

Thus, in order to determine whether state law may confer protection to a work of authorship, the courts have applied Section 301 to determine if the state rights sought are equivalent to any of the exclusive rights within the general scope of copyright, as specified by Section 106. Under the pre-emption equivalency test a state law claim is preempted unless it contains elements that are qualitatively different from a copyright infringement claim. *See Johnson & Wardell Quezergue v. Tuff-N-Rumble Mgmt.*, Inc., 2002 U.S. Dist. Lexis 24257 (E.D. La. 2002).

The majority of the circuits have adopted a two part test to analyze preemption claims under 17 U.S.C.S. § 301(a) of the Copyright Act of 1976, 17 U.S.C.S. § 101 et seq. First, the cause of action is examined to determine if it falls within the subject matter of copyright. Second, the cause of action is examined to determine if it protects rights that are "equivalent" to any of the exclusive rights of a federal copyright, as provided in 17 U.S.C.S. § 106 (*right of reproduction, create derivative works, performance, distribution, or display of a work*). *See*, *Computer Management Assistance Co. v. Robert F. DeCastro, Inc.*, 220 F.3d 396, 404 (5th Cir. 2000); *Daboub v. Gibbons*, 42 F.3d 285, 289 (5th Cir. 1995), *Dorsey v. Money Mack Music, Inc.*, 304 F. Supp. 2d 858 (E.D. La. 2003); *Trenton v. Infinity Board*, 865 F. Supp. 1416, 1428-29.

Therefore, if the plaintiff's state law causes of action involve the ownership of subject matter potentially appropriate for protection under the Act and copying by the defendant, with nothing more, then the claims are preempted. In other words, "[a] right is equivalent if the mere act of reproduction, distribution or display infringes it." *Taquino v. Teledyne Monarch Rubber*, 893 F.2d 1488, 1501 (5th Cir. 1990). The analysis for evaluating the equivalency of rights is commonly known as the "extra element" test.

This test centers on the analysis of whether the acts of defendant for which plaintiff has filed suit violate at unison state law and copyright laws. If the answer to the latter query is in the affirmative, the state right is deemed to be equivalent to copyright. However, if one or more qualitatively different elements are required to constitute the state-created cause of action being asserted, then the right granted under state law does not lie "within the general scope of copyright," and preemption does not occur. *Id. (Alcatel USA, Inc. v. DGI*

Technologies, Inc., 166 F.3d 772, 787 (5th Cir. 1999) *NIMMER ON COPYRIGHT* § 1.01[B][1], at 1-13 (1998); *See also Daboub v. Gibbons*, 42 F.3d 285, 289-90 (5th Cir. 1995). It has been said that the analysis to determine if a statute is preempted involves determining whether the state law claim contains an element not shared by the Federal Law, an element which changes the nature of the action so that it is *"qualitatively different"* from a copyright infringement claim." *See Summit Mach Tool Mfg. Corp. v. Victor CNC Sys., Inc.*, 7 F.3d 1434 (9th Cir. 1993). *Michaels v. Internet Entertainment Group, Inc.*, 5 F. Supp. 2d 823 (C.D. Cal. 1993).

B. The rescission of contract claim under the extra element test

Many state law rights that may arise in connection with a copyright infringement can satisfy the extra element test, and thus are not preempted by the Copyright Act, 17 U.S.C.S. § 101 et seq. Some of the state law claims that have been held not preempted by the Copyright Act are breach of contract, breach of fiduciary duty or trust, breach of confidentiality, unfair competition, trade secret misappropriation, and fraud. *Johnson & Wardell Quezergue v. Tuff-N-Rumble Mgmt., Inc., supra.*

The Second, Fifth, Sixth, Eighth, and Ninth Circuit's have consistently recognized that a legitimate breach of contract allegation serves to defeat preemption. *See Taquino v. Teledyne Monarch Rubber, Supra*, 1501 (5th Cir. 1990); *Crooks v. Certified Computer Consultants, Inc.*, 92 F. Supp. 2d 582, 587 (W.D. La. 2000); *Baptiste v. Khoury*, 910 F. Supp. 277, 279 (W.D. La. 1996). *National Car Rental System, Inc. v. Computer Assoc. Int., Inc.*, 991 F.2d 426, 434-35 (8th Cir. 1993). *Trenton v. Infinity Board, supra.*

A breach of contract claim is preempted when the claim arises directly from the Copyright Act, and resolution of the central issue in the case depends upon the application of the statutory definition of the Copyright Act. Likewise, if the controlling issue involves a dispute over title to a copyright arising from an alleged breach of contract dependent upon principles of common law and equity, the case is not preempted by the Copyright Act because it does not require application of federal copyright laws to resolve the central issue relating to the contract violation, 17 U.S.C.S. § 101 et seq. *Johnson & Wardell Quezergue v. Tuff-N-Rumble Mgmt., Inc., supra.*

"A material breach of a covenant will allow the licensor to rescind the license and hold the licensee liable for infringement for uses of the work thereafter." *Graham v. James*, 144 F.3d 229, 237 (2d Cir. 1998). Rescission is permitted if the breach is "material and willful, or, if not willful, so substantial and fundamental as to strongly tend to defeat the object of the parties in making the contract." *Septembertide Pub., B.V. v. Stein & Day, Inc.*, 884 F.2d 675, 678 (2d Cir. 1989) *(citing Callanan v. Powers*, 199 N.Y. 268, 284, 92 N.E. 747 (1910)).

Rescission is a "drastic and extraordinary" measure. *Allen v. Westpoint-Pepperell, Inc.*, 11 F. Supp. 2d 277, 291 (S.D.N.Y. 1997). This remedy is appropriate in situations where one party has fraudulently induced another party to contract, or where there has been such a material breach of contract by one party that the other party is justified in canceling the contract. The fact that questions of copyright law may also have to be determined in such an action does not oust state jurisdiction." *See also Meredith v. Smith*, 145 F.2d 620 (9th Cir. 1944); *Berger v. Simon & Schuster*, 631 F. Supp. 915 (S.D.N.Y. 1986).

Under this theory, a contract may be rescinded for breach only if the breach is substantial; central to the basis of the entire contract and goes to its entire consideration; and affects the other party's entire obligation thereunder. *See Canfield v. Reynolds*, 631 F.2d 169, 178 (2d Cir. 1980). In the specific context of a recording contract it has been said that failure to pay royalties is a material breach of an agreement that authorizes the injured party to rescind or terminate the agreement. *Thomas v. Gusto Records, Inc.*, 939 F. 2nd 395 (6th Cir. 1991), *Hustlers, Inc. v. Thomasson,* 307 F. Supp. 2d 1375 (2004). As stated in *Warren v. Fox Family*, 171 F. Supp. 2d 1057 (C.D.Cal. 2001), "The case law that has developed since adoption of the Copyright Act very specifically states that nonpayment of royalties do not constitute claims arising out of the Copyright Act." *Warren v. Fox Family, supra,* page 46. *See also Malinowski v. Playboy Enter.*, 706 F. Supp. 611, 615 (N.D. Ill. 1989).

Nimmer, the leading treatise on copyright law, has convincingly argued that rescission of contract claims should not be preempted by the Copyright Law. In essence, Nimmer states that Copyright preemption is not triggered alone by the mere fact that a contract authorizing the sale or licensing of authorship rights invariably requires a performance, distribution and reproduction of a work under section 106. The rationale is simple: contractually, the party exploiting the work is obliged to pay royalties, element absent in a traditional copyright infringement claim. We hereby cite Nimmer's elucidation on the matter.

> "The essence of an enforceable contract, under American Law, is consideration. With a promise there is no contract. Whereas conversely a promise on the part of one who engages in unlicensed

reproduction is not a prerequisite to his being a copyright infringer.

Consequently, pre-emption should be found absent to the extent that a breach of contract cause of action alleges more than simply reproduction (or adaptation, distribution, etc.) of a copyrighted work.

For example, although an author's right to royalties under a publication contract for a work may be conditioned on the publisher's acts of reproduction and distribution of copies of the work, there is another crucial act that stands as a condition the publisher's liability: the publisher's promise to pay the stated royalty. The publishing contract therefore is not pre-empted." Nimmer, 1.01[B][1][a].

C. Congress legislative intent.

This line of thought seems to be in accord with Congress legislative intent when drafting the pre-emption 301 section. While commenting case of *Wolff v. Institute of Elec.*, 768 F. Supp. 66, 69 (S.D.N.Y. 1991) which interpreted Congress legislative intent with regards to pre-emption of the remedy of rescission Nimmer observed:

"... that Congress's inclusion of "breach of contract" in an earlier draft of the bill and subsequent elimination of that language (as described in the text above) means that a breach of contract claim is pre-empted. The court relied on language from the Supreme Court that here Congress included limiting language in an earlier version of a bill, but deletes it prior to enactment, it may be presumed that the limitation was not intended. That logic is faulty, it

could be argued that under the bill as originally drafted, enumerated claims such as breach of contract would be deemed non pre-empted, and nonenumerated causes of action could be held pre-empted, whereas following the amendment removing the limiting language, even nonenumerated causes of action could be pre-empted. The conclusion does not follow, by contrast, that breach of contract, breach of trust, invasion of privacy and all the other originally enumerated causes of action are all to be deemed subject to blanket pre-emption under the law as enacted. The conclusion of this case must therefore be rejected." Nimmer, *id.*

If Congress had intended to enter the realm of state law rescission of contract claims it would had done so explicitly. *A fortiori* in a legal sence when the claims for copyright infringement and breach of contract are two worlds apart. Suffice it to note the different treatments given to the statute of limitations in each statute. The civil code of Puerto Rico establishes a term of 4 years to request the action of rescission. The term starts running from the last act known by defendant that may warrant the request to rescind by plaintiff. *Márquez v. Torres Campo,* 11 D.P.R. 854 (1962).

D. Rescission of contract is a remedy

Rescission is remedial in nature and as such the request to rescind is dependent on the finding of contractual nonperformance just as any remedy sought under copyright law section 17 U.S.C. secs 501 to 505 which are dependant upon the finding of infringement. To articulate that rescission is a cause of action on its own would be the equal of stating that the remedies enumerated under 17 U.S.C. sec. 505, *et seq*. constitute each a cause of action. The previous distinction

is not based on semantics but rather in substantive law, particularly in the case where the breach of contract action is the product of statute created under civil law principles where the rescission of contract is secondary or *susidiarious* in nature. 31 L.P.R.A. sec. 3495. *See also Velco v. Industrial Service Apparel*, 143 D.P.R. 243 (1997).

Rescission is a remedy because it is dependent on the outcome of the factual determination of material breach and the Jury -or the Judge- after careful consideration of the evidence, determines whether the breach justifies the award of damages or the extraordinary remedy of rescission. This is so because, by and large, a plaintiff in a breach of contract claim may *inter alias* elect between requiring specific contract performance, resolution and damages or rescission, alternatively.

II. THE FIRST CIRCUIT DECISION PREEMPTING THE RESCISSION OF CONTRACT CLAIM INVOLVING COPYRIGHTS IS FAULTY.

A. Discussion

The applicable law enunciated requires an examination of the rescission cause of action asserted in Santa Rosa's complaint to determine whether or not a qualitatively different element is present that distinguishes his state law claim from a cause of action araising under the Copyright Act. This requires, as a threshold matter, a determination that Santa Rosa's rescission claim involves a protected subject matter under the Copyright Act. It appears pellucid from Plaintiff's contentions in the complaint that the allegations were primarily predicated in state law breach of duty theories rather than copyright infringement. In fact, the phrase copyright infringement does not appear in the amended

complaint third claim for relief for breach of contract. *See* Dkt. No. 13. The phrase, however, does appear under the first cause of action entitled declaratory judgment.

Santa Rosa's claims are based on the defendant's breach of payment and for collection of royalties for sale of musical works, a subject matter undoubtedly covered by the Act. However Santa Rosa's rescission claim has a qualitatively different element: the record company's promise to pay royalties. This paramount element constitutes the genesis of the record company's liability rather than that of the prototypical Copyright infringement claim in which the unauthorized reproduction is the complaint's catalyst.

What brings about Santa Rosa's breach of contract claim requesting rescission is the nonperformance of contractual duty to pay royalties and not an unauthorized manufacturing. In fact, the company might not even be reproducing or selling records at the time of the complaint's inception, and that fact is irrelevant to the issue of the broken promise to pay. Nimmer on Copyright Sec. 1.01[B][1] Thus, the promise that is implicit in every contract, but is not necessary in an infringement action provides the extra element that precludes pre-emption under § 301. *Id.*

The First Circuit's adjudgment methodology, which ultimately lead to the complaint's preemption, is faulty. First of all it must be noted that this claim was filed under both, Federal and Diversity jurisdiction because the defendant resided in New Jersey and Plaintiff within the boundaries of the Puerto Rico Federal District Court. This fact is of outmost relevance because the Santa Rosa's jurisdictional foundation was two-folded concerning the breach of contract claim which sought at unison damages and the rescission of the recording contract. *See*; Dkt. No. 13. This means that

even if the claim for rescission is to be considered preempted, the contractual claim for damages should not be because it does not arise under copyright law according to the casuistry discussed previously. In this sense the First Circuit just focused in the rescission claim ignoring that the complaint had also claimed for damages avoiding preclusion under copyright. As set forth in the case of *IXL v. AdOutlet.com, Inc.*, 2001 WL 315219, (N.D. Ill.2001): "A lack of jurisdiction under the copyright act would not end the case in this Court, as there exists diversity jurisdiction over the state law claims".

Even assuming *arguendo* that the compliant was devoid of a claim for damages the *ratio dicidendi* used to dismiss the rescission claim was incorrect. A brief discussion follows.

Contractual rights that arise under state law should be adjudged applying state law, even if the remedy of rescission is requested. Nimmer, sec. 12.01[A][2]. The promises of the contracting parties that are necessary for the formation of a contract renders a breach of contract claim qualitatively different from that of copyright infringement suit and therefore should not be pre-empted. *Lemon v. Seaman*, 63 F. Supp. 2d 428, 438 (S.D.N.Y. 1999). In the specific case where a promise to pay royalties exist the courts have decided that the cause of action is not pre-empted. *Brown v. Mojo Records*, 2000 U.S. Dist. Lexis 9155 (D. Ore. 2000) *(breach of agreement to pay record royalties) and Asunto v. Shoup*, 132 F. Supp. 2d 445 (E. D. La. 2000)*(promise to pay royalties)*. A breach of contract is preempted by copyright law if it is based on the enforcement of rights created by copyright law, but there is no preemption if the rights sought to be enforced are rights created by the contract. *American Movie Classics Co. v. Turner Entertainment Co.*, 922 F. Supp. 926 (S.D.N.Y. 1996).

In the instant legal action the court dismissed the complaint for rescission without at minimum demanding a preliminary determination that the contract was deserving of a rescission so it could proceed to the phase of reversion of rights under copyright law as suggested by Nimmer in his treatise. The court's holding in this case is in a collision course with the majority of actual legal precedents. As Nimmer correctly asserts:

> "Because contractual rights arise under state law, jurisdiction lies solely with the state courts in an action to enforce contracts relating to works subject to statutory copyright or rights under those contracts. Along these lines, it has been held that construction of an assignment of royalties under copyright implicates strictly a question of state law. By the same token, an action to invalidate such contractual rights, or to enforce arbitration of those claims, belongs in state court. An "aroma of copyright" is insufficient to confer federal jurisdiction.

In Nimmer's view this reasoning should stand even if the suits sole purpose is to obtain a rescission of contract. In this regard the treatise further elaborates:

> "What if the contract itself is the object of the suit's attack? The rule remains the same, i.e., in an action for rescission of a contract involving copyrights, the sate courts have jurisdiction. Arguably, upon recognizing such rescission, the state court may further enjoin the defendants from subsequent exploitation of the copyrighted work. Alternatively, the state courts would have jurisdiction in the rescission action, and the federal courts would have jurisdiction to determine infringement claims

following an effective rescission. To avoid the inconvenience of such a two-tier approach and to avoid the possible bar of the statute of limitations in the later federal action, it has been held that federal jurisdiction lies on the threshold contract issue of rescission (applying state law), as well as on the subsequent copyright infringement issue, assuming the there are alleged acts of infringement predicated upon an effective prior rescission." *Nimmer on Copyright*, sec. 12.01[A][2] and cases therein cited.

CONCLUSION

The holding by the Court of Appeals in this issue could be far reaching. It could entail that a state claim for rescission of contract involving copyrights filed in the state court is pre-empted by copyright law. It might also denote that a rescission of contract for non-payment of royalties claim under a recording contract can only prosper if it is filed within the three-year copyright statute of limitations. At first glance the doctrine established seems to be reasonable. Yet, in actual practice, the doctrine is practically eliminating the remedy of rescission in intellectual property cases because three (3) years of contractual default is probably not enough time to warrant the extraordinary remedy of rescission in the recording industry. This is true, particularly considering that the rescission of a contract can be requested under the Commonwealth of Puerto Rico Civil code within a period of four (4) years from the last material breach in record. *See ELA v Tribunal,* 97 D.P.R. 644(1969).

Moreover, the decision could even preclude *a priori* all state court rescission of contract claims where intellectual property rights are involved under Civil Law. All of this even before the extraordinary remedy of rescission is granted,

or even considered factually to determine if rescission as an extraordinary remedy is conferred. In the short run, the decision may have armed recording companies with an impenetrable shield against rescission of contract claims. It is now in the best interest of recording companies to ignore their obligation to pay royalties since their worst-case remedy *scenario* is a resolution of contract not requiring the reversion of rights over the sound recordings. Of course, that would be the case if the courts eventually decide not to preempt all breach of recording contract cases filed over the copyright statutory limit; conundrum still left open by the Court of Appeals. After all, the result may carry a dangerous message to record companies: it pays not to pay.

With certainty, the analytical framework by which this case is decided will have a significant impact on the recording industry. The First Circuit's holding, in our view, should be considered as a very sharp turn from what the majority of circuits had done before this case when faced with the rescission-preemption issue. The precise demarcations of the precedent are soon to be tested by continuous forensic experience at least in the First Circuit. This decision however will lengthen the lack of uniformity among the various circuits relating to the matter.

As can be observed copyrights intrusion into the area of state contractual law of rescission creates an unwarranted instability between the two bodies of law. A breach of contract claim asking for rescission as a remedy should not be subject to scrutiny under federal Copyright laws. The situation product of the unsettled area of the law will have pulsating legal implications that warrant the Supreme Court's intervention.

The petition for a writ of certiorari should be granted.

RESPECTFULLY SUBMITTED,

YLDEFONSO LOPEZ-MORALES, ESQ.
Counsel of Record
O'Neill & Borges
American International Plaza
250 Muñoz Rivera Ave., Ste. 800
San Juan, Puerto Rico 00918-1813
Tel. 787-764-8181
Fax 787-753-8944

APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

No. 05-2237

[Filed December 15, 2006]

GILBERTO SANTA-ROSA, et al.,)
Plaintiffs, Appellants,)
)
v.)
)
COMBO RECORDS, et al.,)
Defendants, Appellees.)
)

Appeal from the United States District Court
for the District of Puerto Rico
Hon. Jay A. García-Gregory, U.S. District Judge

Before Torruella, Circuit Judge, Baldock,* Senior Circuit Judge, and Stahl, Senior Circuit Judge.

OPINION

TORRUELLA, Circuit Judge. Gilberto Santa-Rosa ("Santa Rosa") sued Combo Records ("Combo"), its owners,

* Of the Tenth Circuit, sitting by designation.

insurers, and distributors, seeking compensation for the sales of five albums he recorded more than fifteen years ago, and which Combo has been selling ever since. The district court dismissed all of Santa Rosa's claims. Santa Rosa now appeals the dismissal of two of his claims: his claim for rescission of his recording contract, and his claim for a declaratory judgment that he has an ownership interest in the recordings. After careful consideration, we affirm.

I. Background

Santa Rosa is an accomplished salsa singer, producer, and composer.[1] He lives in Puerto Rico and is known as the "Caballero de la Salsa." Combo is a record production company owned by Ralph Cartagena and located in New York. Santa Rosa states that sometime between 1984 and 1986, he and Combo came to an agreement by which he agreed to record four albums for Combo and Combo agreed to pay him "artist royalties" for all albums sold. Santa Rosa no longer has a copy of the purported agreement, but claims that a copy of this agreement exists and that Combo has it.

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[1] *See, e.g.*, Robert Dominguez, Maite Junco and Leo Standora, *Shakira Crowned New Latin Queen*, N.Y. Daily News, Nov. 3, 2006 at 2 ("Popular Puerto Rican singer Gilberto Santa Rosa, known as The Gentleman of Salsa [won a Latin Grammy for] Best Salsa Album"); David Cazares, *Salsa, Merengue Away at Carnaval Miami*, Fort Lauderdale Sun-Times, Feb. 21, 1997 at 19 ("Gilberto Santa Rosa, the young bandleader and singer whose music is among the most complex and challenging being produced, performs with a traditional band that includes a large horn section."); Jon Pareles, *Pop and Jazz in Review*, N.Y. Times., July 30, 1992 at C16 ("Gilberto Santa Rosa [is] one of Puerto Rico's most popular young singers.").

Santa Rosa recorded four albums between 1986 and 1989 for Combo, including "Good Vibrations" (1986), "Keeping Cool" (1987), "De Amor y de Salsa" (1988), and "Salsa en Movimiento" (1989).[2] Combo later released "El Caballero de la Salsa," a compilation of Santa Rosa songs. Combo paid $11,280 in advance royalties to Santa Rosa between 1986 and 1989. Since 1989, Combo states that it has "continued to manufacture, distribute, and sell thousands of the albums and compilations [but Combo] has never paid Santa Rosa any additional royalties or given him royalty statements for the sale of the aforementioned albums." Santa Rosa had not requested additional royalties until he brought the present suit.

On May 7, 2004, Santa Rosa and his then-wife, Nelida Acevedo Rivera, filed suit against Combo, Ralph Cartagena, Combo's insurance company, and all record distributors or other persons liable for the acts of Combo, seeking rescission of his contract based on material breach and damages for unjust enrichment. On October 13, 2004, Santa Rosa filed an amended complaint which added claims for a declaratory judgment as to the ownership of the recordings and a violation of the Lanham Act.[3] On October 18, 2004, Combo filed a motion to dismiss the amended complaint. On June 28, 2005, the district court granted Combo's motion to dismiss with prejudice. Santa Rosa filed a motion for reconsideration on July 14, 2005 which the district court denied on May 1, 2006. Santa Rosa now appeals from the dismissal of his complaint.

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[2] Santa Rosa was the performing artist on these records; he does not claim to have been the composer.

[3] Santa Rosa declined to appeal the dismissal of his claims for unjust enrichment and violations of the Lanham Act.

II. Discussion

We review a decision to grant a motion to dismiss *de novo*, taking as true the well-pleaded facts of the complaint. *Isla Nena Air Svcs., Inc. v. Cessna Aircraft Co.*, 449 F.3d 85, 87 (1st Cir. 2006). Dismissal is appropriate only if "it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations." *Swierkiewicz v. Sorema N.A.*, 534 U.S. 506, 514, 122 S. Ct. 992, 152 L. Ed. 2d 1 (2002) (internal citation and quotations omitted). However, we need not only consider the grounds for dismissal relied upon by the district court; we may affirm a dismissal on "any ground fairly presented by the record." *Gabriel v. Preble*, 396 F.3d 10, 12 (1st Cir. 2005).

A. Claim for Rescission

Santa Rosa's first claim against Combo is that Combo materially breached his contract. As such, Santa Rosa contends, he is entitled to rescission of that contract. Combo responded, and the district court held, that Santa Rosa had failed to adequately plead the existence of a contract. We need not resolve the dispute over whether a contract had been sufficiently pled.[4] Even assuming that a contract between Santa Rosa and Combo existed, we find that Santa Rosa's claim for rescission would be preempted by the Copyright Act.

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[4] Indeed, both parties seem conflicted on the issue. Combo admitted that a contract existed, but later suggested that no contract ever existed, and that if it did, its contents could never be proven. Santa Rosa never doubted the existence of the contract, but alleged at various points that it was a written contract, an oral contract, and a contract implied-in-fact.

A cause of action is preempted under the Copyright Act, 17 U.S.C. § 301(a), if it does not require an element beyond "mere copying, preparation of derivative works, performance, distribution or display." *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1164 (1st Cir. 1994) (quoting *Gates Rubber Co. v. Bando Chem Indus., Ltd.*, 9 F.3d 823, 847 (10th Cir. 1993)). We have never squarely decided the question of whether a simple breach of contract action that only seeks damages would be preempted by the Copyright Act.[5] We need not do so today because Santa Rosa asks not for damages, but rather for rescission of his contract. As we noted in *Royal v. Leading Edge Products, Inc.*, Santa Rosa's claim for rescission of his royalty contract presents an interesting quagmire:

> [I]f the royalty agreement stands, then the plaintiff's sole remedy for the breach of it would be money damages -- and the Copyright Act need not be construed. If, however, as plaintiff suggests, the royalty agreement is subject to rescission because of defendant's material breach thereof, then that agreement would vanish.

833 F.2d 1, 3 (1st Cir. 1987). Because a successful claim for rescission would result in there being no "'written instrument'

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[5] Some courts have suggested that a simple breach of contract claim would not be preempted. *See, e.g., Ritchie v. Williams*, 395 F.3d 283, 289 (6th Cir. 2005)(holding that causes of action which included substantive elements not implicating "ownership or infringement" were not preempted because they were substantively different); *Warren v. Fox Family Worldwide, Inc.*, 171 F. Supp. 2d 1057, 1073 (C.D. Cal. 2001) (finding that there was no Copyright Act preemption where "there is an express contractual obligation to pay royalties").

signed by the parties," we would be required to resort to the interpretation of 17 U.S.C. § 201(b) to determine ownership of Santa Rosa's recordings. *Id.*; *see also Rano v. Sipa Press, Inc.*, 987 F.2d 580, 586 (9th Cir. 1993) ("After [an agreement is rescinded], any further distribution would constitute copyright infringement.").

Because Santa Rosa seeks rescission of his contract, if we were to grant him the relief that he sought, we would be required to determine his ownership rights by reference to the Copyright Act. In such a case, there is little question that we would be merely determining whether Santa Rosa was entitled to compensation because of "mere copying" or "performance, distribution or display" of his recordings. *Data Gen. Corp.*, 36 F.3d at 1164. As such, 17 U.S.C. § 301(a) preempts Santa Rosa's rescission claim. Once it is determined that Santa Rosa's rescission claim is preempted, his only remedy is a claim under the Copyright Act, and "the court must then dismiss the [contract] claim for failing to state a cause of action." *Briarpatch Ltd. v. Phoenix Pictures, Inc.*, 373 F.3d 296, 309 (2d Cir. 2004). Thus, we find no error in the dismissal of Santa Rosa's rescission claim.

B. Claim for Declaratory Judgment

Because Santa Rosa's rescission claim is preempted, we are left only with his claim for a declaratory judgment of ownership, which arises under the Copyright Act, 17 U.S.C. § 201. Santa Rosa claimed that the courts should resolve the "uncertainty" over ownership of his recordings by issuing a declaratory judgment that he is the sole owner of those recordings. Combo responded that Santa Rosa's declaratory judgment action was time barred. The district court agreed that Santa Rosa's claim was barred by the statute of limitations and granted Combo's motion to dismiss. *See*

LaChapelle v. Berkshire Life Ins. Co., 142 F.3d 507, 509 (1st Cir. 1998) (holding that dismissal is appropriate if the plaintiff's allegations "leave no doubt" that the statute of limitations would bar the claim). We agree with the district court that the declaratory judgment action is time barred and that dismissal was appropriate.[6]

17 U.S.C. § 507(b) provides that "[n]o civil action shall be maintained under the provisions of this title unless it is commenced within three years after the claim accrued." A claim accrues when "the plaintiff 'knows or has reason to know of the act which is the basis for the claim.'" *Rodriguez-Garcia v. Municipality of Caguas*, 354 F.3d 91, 96-97 (1st Cir. 2004) (quoting *Rodriguez Narvaez v. Nazario*, 895 F.2d 38, 41 n.5 (1st Cir. 1990)). Thus, a claim for declaratory judgment of ownership accrues when the plaintiff "knew of the alleged grounds for the [ownership] claim." *Margo v. Weiss*, 213 F.3d 55, 60-61 (2d Cir. 2000); *see also Merchant v. Levy*, 92 F.3d 51, 56 (2d Cir. 1996)("[N]o . . . uncertainty exists as to co-ownership rights based on co-authorship. A co-author knows that he or she jointly created a work from the moment of its creation."). It goes without saying that Santa Rosa was present when his performances were recorded by Combo Records, and thus knew from the moment that each recording was created that he had a potential claim for ownership of it. Thus, there is little question that Santa Rosa's

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[6] Because we find Santa Rosa's declaratory judgment action time-barred, we find no need to address, and we express no opinion as to, Combo's argument that Santa Rosa's cause of action is also barred because Santa Rosa failed to comply with 17 U.S.C. § 411(a), which states that "no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made in accordance with this title."

claims for co-ownership accrued as soon as he finished recording each album.[7]

Santa Rosa points to the Ninth Circuit's holding in *Zuill v. Shanahan* that a claim for a declaratory judgment would not accrue until a "plain and express repudiation of co-ownership is communicated to the claimant." 80 F.3d 1366, 1369 (9th Cir. 1996). Even applying this test for accrual of a claim, we cannot think of a more plain and express repudiation of co-ownership than the fact that Combo openly, and quite notoriously, sold Santa Rosa's records without providing payment to him: according to documents provided by Santa Rosa, at least 1,140 of the recordings in dispute were sold during the six month period between January and June of 2000, almost four years before Santa Rosa filed suit in May 2004. Likewise, it is hard to believe that a singer of Santa Rosa's stature would have been unaware that Combo

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[7] At oral argument, Santa Rosa's counsel noted the distinction between copyrights on compositions (i.e. the music and lyrics) and on performances of those compositions (i.e. the tangible, fixed representation of the music and lyrics). *See* generally 6 David Nimmer, Nimmer on Copyright § 30.03 (2006) ("Copyright ownership of the physical embodiment of the performance of a musical composition (e.g., a master recording) is distinct from the ownership of the copyright in the musical composition itself and usually is the subject of an overall contractual relationship between its performers and a record company."). However, we see no logical distinction to be made between a composer, who learns of his ownership claim when he transcribes his music onto a sheet, and Santa Rosa, who learned of his ownership claim when he performed his music in a record studio. In both cases, the "author" is "the person who translates an idea into a fixed, tangible expression entitled to copyright protection." *Cmty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 737, 109 S. Ct. 2166, 104 L. Ed. 2d 811 (1989).

Records was selling his recordings and thus claiming ownership over them until three years before this action was commenced.

Because we conclude that Santa Rosa had reason to know of his claim of ownership over the recordings soon after they were created (which was well over three years before Santa Rosa filed suit against Combo), we agree with the district court that Santa Rosa's declaratory judgment action is time barred by 17 U.S.C. § 507(b).

III. Conclusion

For the foregoing reasons, we affirm the decision of the district court.

Affirmed.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

CIVIL NO. 04-1405 (JAG)

[Filed June 28, 2005]

GILBERTO SANTA ROSA, *et. al.*
Plaintiffs

v.

COMBO RECORDS, *et. al.*
Defendants

OPINION AND ORDER

GARCIA-GREGORY, D. J.

On May, 2004, Plaintiffs Gilberto Santa Rosa ("Santa Rosa"), his wife Nelida Acevedo Rivera, and the conjugal partnership constituted between them,[1] filed a complaint against Combo Records Inc. ("Combo Records"), Ralph Cartagena, and their insurance companies, collectively

[1] Following their recent divorce, Plaintiffs changed this Partnership to "The Community Property Owned by Both" in their Amended Complaint (Docket No. 13).

Defendants, alleging that Combo Records has failed to pay Santa Rosa the royalties due to him under their contract or in the alternative, pursuant to the Copyright Act, 17 U.S.C. §§ 101-1101 (Docket Nos. 1, 13). Santa Rosa also alleges that Combo Records has violated the Lanham Act (43a), 15 U.S.C. § 1125, by omitting Santa Rosa's name from their recordings (Docket Nos. 1, 13). Santa Rosa requests that this Court rescind his contract with Combo Records; enjoin Combo Records from further use of their collaborative recordings; grant Santa Rosa a Declaratory Judgment of Ownership of Recordings under the Copyright Act; and award him damages for Combo Records' breach of contract, unjust enrichment, and violation of the Lanham Act. On October 18, 2004, defendants moved to dismiss Santa Rosa's Amended Complaint (Docket No. 14). For the reasons discussed below, the Court hereby **GRANTS** defendants' Motion to Dismiss.

FACTUAL BACKGROUND[2]

Santa Rosa, a salsa singer, claims that he entered into a contract with Combo Records for four recordings. There seems to be some confusion, however, as to the contract's date since at different points in his Complaint, Santa Rosa claims it was signed in 1978, 1984, and 1986. Santa Rosa does not have a record of this contract and does not remember its specific details. The contract allegedly stipulated that Combo Records would pay Santa Rosa royalties on any albums that Combo Records sold which contained Santa Rosa's recordings.

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[2] The facts are taken from the Complaint and Amended Complaint (Docket Nos. 1, 13).

Santa Rosa claims that Combo Records has since sold an unknown number of these records, but that apart from a few small advance payment checks, Combo Records has not paid him any royalties. Santa Rosa also asserts that because Combo Records has not responded to his numerous requests for information on the contract, he now believes that it may never have existed but that Combo Records is still liable under the Copyright and Lanham Acts and under a theory of unjust enrichment.

Arguing that Santa Rosa's breach of contract and Copyright claims are time-barred, and that the Lanham Act is inapplicable in this case, Combo Records requests that the Court dismiss all of Santa Rosa's causes of action for failure to state a claim upon which relief may be granted.

DISCUSSION

A. Motion to Dismiss Standard

Pursuant to Fed.R.Civ.P. Rule 12(b)(6), a complaint may not be dismissed unless it appears beyond doubt that plaintiff can prove no set of facts in support of his claim which would entitle him to relief. *See Brown v. Hot, Sexy, and Safer Prods., Inc.*, 68 F.3d 525, 530 (1st Cir. 1995). The Court accepts all well-pleaded factual allegations as true, and draws all reasonable inferences in plaintiff's favor. *See Correa-Martinez v. Arrillaga-Belendez*, 903 F.2d 49, 51 (1st Cir. 1990). Plaintiffs are responsible for putting their best foot forward in an effort to present a legal theory that will support their claim. *Id.* at 23 (*citing Correa Martinez*, 903 F.2d at 52). Plaintiffs must set forth "factual allegations, either direct or inferential, regarding each material element necessary to sustain recovery under some actionable theory." *Goolev v. Mobil Oil Corp.*, 851 F.2d 513, 514 (1st Cir. 1988).

B. Request for Recision of Contract

It is well established that forming a contract requires the "manifestation of mutual assent" by the parties to the agreement. *Bourque v. Fed. Deposit Ins. Corp.*, 42 F.3d 704, 708 (1st Cir. 1994)(*citing* RESTATEMENT (SECOND) OF CONTRACTS § 17 (1981)). Typically this assent is written, but a Court may find that an agreement is enforceable even absent a written instrument if the parties' assent was clearly expressed through an offer and acceptance. *Ysiem Corp. v. Commercial Net Lease Realty, Inc.*, 328 F.3d 20, 23 (1st Cir. 2003). In certain circumstances, the parties' conduct may also result in a contract implied in fact, as opposed to an express contract, which is formed by words. *Marrero-Garcia v. Irizarry*, 33 F.3d 117, 121 n.5 (1st Cir. 1994)(*citing* A. E. Allen Farnsworth, *Contracts* § 3.10, at 135 (2d ed. 1990)).

The Court cannot determine if a contract was formed in Santa Rosa's case, given the dearth of facts on the parties' intent and conduct at the relevant time; even the timing is unclear. Santa Rosa does not remember what the contract contained, and lacks any proof of its formation from witnesses or a record of the instrument. He has even stated that he believes that the contract probably never existed, but nonetheless reserved the request for its recision. Because this Court cannot find an express or an implied contract without any facts, nor any sort of enforceable promise, the Court will not address Santa Rosa's claim of breach of nor grant his request to rescind the contract. These claims must be dismissed.

C. Copyright Act Claims

1. Non-Payment of Royalties; Declaratory Judgment of Ownership

Section 301 of Copyright Act preempts a state cause of action if it is substantially similar to, or when the interest it seeks to protect is identical to one controlled by the federal law. *Alvarez Guedes v. Marcano Martinez*, 131 F.Supp.2d 272, 279-280 (D.P.R. 2000); *Data Gen. Corp. v. Grumman Systems Support Corp.*, 36 F.3d 1147, 1164-65 (1st Cir. 1994). Santa Rosa's unjust enrichment claim, a state law cause of action which alleges that Combo Records profited from the non-payment of royalties, addresses conduct governed by federal law and thus falls under Copyright Law. *Essex Music, Inc. v. ABKCO Music & Records, Inc.*, 743 F. Supp. 237, 242 (S.D.N.Y. 1990). Both Santa Rosa's non-payment of royalties claim and his request for declaratory judgment of ownership are, thus, subject to the Copyright Act's three year Statute of Limitations, 17 U.S.C. § 507, which period begins to accrue when a reasonably diligent person "knows or has reason to know of the injury upon which the claim is premised." *Stone v. Williams*, 970 F.2d 1043, 1048 (2nd Cir. 1992).

Even when examining the facts in the light most favorable to him, the Court finds that Santa Rosa has not satisfactorily explained why he was not put on notice by an allegedly near-total lack of payments from Combo Records spanning approximately two decades. Santa Rosa claims that he asked Combo Records for information on their recordings on "numerous" occasions and that Combo Records' non-compliant response to his efforts finally put him on notice that he might have a claim against Combo Records. However,

Santa Rosa's pleadings did not include the number of times, the details, and the dates of these occurrences.

Santa Rosa's contention, that in the twenty or so years since recording with Combo Records he was never alerted to a cause of action until Combo refused to disclose its records, is both implausible and vague. Santa Rosa did not state any facts that explain his decades-long absence of concern and still support a finding that he was reasonably diligent in protecting his interests. Additionally, Santa Rosa's repeated failure to clarify his claims and give any specific dates and details that could permit a finding that his causes of action were not time barred suggest that he does not have any such facts and that the limitations period accrued a long time ago.

Therefore, this Court finds that Santa Rosa's actions under the Copyright Act, including declaratory judgment on ownership of recordings and damages for nonpayment of royalties, are time-barred.[3]

D. Lanham Act Violation

The Lanham Act addresses trademark infringement. Accordingly, its language should be interpreted in the narrow context of trademark infringement only, and not in the context of infringement of communicative products,[4] which are

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[3] In support for his analysis of why Puerto Rican Law did not apply to his case, Santa Rosa also stated that Combo Records was using his image without properly compensating him. Because Santa Rosa did not assert this as a separate cause of action, but rather as a fact, we do not address it further.

[4] Communicative products are products in which the "idea" being communicated (such as a poem or song) is of primary value

covered by the Copyright Act. *Dastar Corp. v. Twentieth Century Fox Film*, 539 U.S. 23 (2003). The Lanham Act's reference to products' "origins" in § 43 is therefore understood as referring to "the producer of the tangible product sold in the marketplace . . . [and is] incapable of connoting the person or entity that originated the idea . . . that the good embodies." *Dastar*, 539 U.S. at 31-2 (emphasis added). Any other understanding of the Lanham Act is in disaccord with its purpose and with precedent, and conflicts with copyright law, which directly addresses those issues. *Id.* at 32.

In this case, Santa Rosa accuses Combo Records of violating the Lanham Act by falsely designating the origin of their joint recordings. This claim reflects a misunderstanding of the Lanham Act's applicability and the Courts' use of "origins". Santa Rosa has to rely on the laws designed to address his concerns as the inventor and not producer or manufacturer of a product to make his claim against Combo Records; in this case, the Copyright Act and not the Lanham Act.

CONCLUSION

In light of the foregoing, the Court hereby **GRANTS** defendants' motion to dismiss. Plaintiffs' claims are hereby dismissed **with prejudice**. Judgment shall enter accordingly.

IT IS SO ORDERED.

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to the purchaser, as opposed to the tangible good (such as the book containing the poem or compact disc containing the song). *Dastar*, 539 U.S. at 33.

In San Juan, Puerto Rico, this 28th day of June 2005.

S/Jay A. Garcia-Gregory
JAY A. GARCIA-GREGORY
United States District Judge

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

CIVIL NO. 04-1405 (JAG)

[Filed June 28, 2005]

GILBERTO SANTA ROSA, *et al.*,
Plaintiff(s)

v.

COMBO RECORDS, *et al.*,
Defendant(s)

JUDGMENT

In accordance with the Opinion and Order issued today, the Court hereby enters judgment dismissing plaintiffs' claims **with prejudice**.

This case is now closed for statistical purposes.

IT IS SO ORDERED.

In San Juan, Puerto Rico, this 28th day of June 2005.

S/ Jay A. Garcia-Gregory
JAY A. GARCIA-GREGORY
U.S. District Judge

APPENDIX D

TITLE 17. COPYRIGHTS
CHAPTER 3. DURATION OF COPYRIGHT

17 U.S.C. § 301

§ 301. Preemption with respect to other laws

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 [17 USCS § 106] in works of authorship that are fixed in a tangible medium of expression and come within the subject matter of copyright as specified by sections 102 and 103 [17 USCS §§ 102 and 103], whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to--

(1) subject matter that does not come within the subject matter of copyright as specified by sections 102 and 103 [17 USCS §§ 102 and 103], including works of authorship not fixed in any tangible medium of expression; or

(2) any cause of action arising from undertakings commenced before January 1, 1978;

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general

scope of copyright as specified by section 106 [17 USCS § 106]; or

(4) State and local landmarks, historic preservation, zoning, or building codes, relating to architectural works protected under section 102(a)(8) [17 USCS § 102(a)(8)].